

Volume No. 1—Policies and Procedures	TOPIC NO	31010
Function No. 30000—Fixed Asset Accounting	TOPIC	Summary Users
Section No. 31000—Reporting	DATE	June 2003

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Overview

Introduction The purpose of this topic is to provide guidance to agencies accounting for fixed asset activity using a system other than the central Fixed Assets Accounting and Control System (FAACS). These type of agencies are referred to as "Summary Users." The majority of the policies and procedures contained with Function No. 30000, "Fixed Asset Accounting," apply to summary users. The major difference involves the interface requirements to both FAACS and the Commonwealth Accounting and Reporting System (CARS) and the support role provided by the Department of Accounts (DOA).

Policy

General All summary users are responsible for maintaining systems which:

- Provide for the proper control of fixed assets;
- Provide for General Accepted Accounting Principles (GAAP) basis financial reporting in the appropriate format; and
- Provide internal controls which satisfy the audit requirements of the Auditor of Public Accounts (APA).

Summary users operating out of governmental *type funds, such as the general fund, special revenue fund, dedicated special revenue fund, etc.* are required to submit summary entries to the DOA central FAACS Financial Reporting File via Summary/Maintenance Form 4. Even though data flows into FAACS, the agency-based system is considered the official system and users are responsible for reconciling all detailed transactions to their internal system.

Summary users operating out of higher education, enterprise and internal service funds will utilize their agency-based systems to reconcile data, provide fixed asset information for agency financial statements and submit data to DOA for inclusion in the Annual Report of the Commonwealth. For these users, the official record for fixed asset activity will be the agency-based system and NO data will flow through either FAACS or into CARS.

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Requirements for Summary FAACS Users

Introduction

The use of agency-based systems does not eliminate the need for agency personnel involved with property management to review and fully understand overall fixed asset accounting requirements as outlined throughout CAPP Function 30000, *Fixed Asset Accounting*.

These requirements include topics, for example, such as

- proper classification as either capitalized or controlled (CAPP Topic 30305, *Capitalized or Controlled Assets*);
- proper categorization (CAPP Topic 30310, *Asset Categorization*);
- proper accounting for assets acquired with Federal funds (CAPP Topic 31105, *Federal Requirements*); and,
- tagging assets and performing periodic inventories (CAPP Topic 30505, *Physical Inventory*).

Agency-Based Systems Requirements and Maintenance

Agency-based systems must be able to calculate, summarize and report depreciation, where applicable, on a basis consistent with FAACS. See CAPP Topic 30610, *Depreciation Methods and Calculations*.

Agency-based systems must be capable of meeting all reporting requirements detailed in the Comptroller's Annual Financial Statement Preparation Directive.

Detail records must be properly maintained in the agency-based system and all activities must be properly reconciled.

System maintenance is the total responsibility of summary users, as DOA does not provide support.

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Requirements for Summary FAACS Users, Continued

Agency-Based Systems Requirements and Maintenance continued

The following detailed information is recommended at a minimum for each individual asset maintained in agency-based systems in order to ensure adequate control, stewardship and reporting.

- Asset category (See CAPP Topic 30310)
 - Disposal date
 - Inventory (Tag) number
 - Disposal method (See CAPP Topic 30805)
 - Acquisition date
 - Voucher number
 - Acquisition cost (See CAPP Topic 30210)
 - Availability code (See CAPP Topic 70325)
 - Responsible Position or Person
 - Ownership status (See CAPP Topic 70325)
 - Useful Life (See CAPP Topic 30605)
 - Serial number
 - Accumulated depreciation
 - Location
 - Method of Acquisition (See CAPP Topic 30205)
 - Description
 - Basis of determining Acquisition Cost (See CAPP Topic 30210)
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Internal Control

General

Each agency and institution should implement cost beneficial internal control procedures to ensure that:

- Assets are adequately controlled and safeguarded.
- Proper reconciliation procedures are in effect and corrections made in a timely manner.
- All necessary financial reporting for both State and Federal requirements is done in a timely and accurate manner.
- All depreciation, where appropriate, is calculated, summarized and reported on a basis consistent with GAAP.
- Internal controls are established which satisfy the requirements of APA.

Records Retention

General

Fiscal records related to managing fixed assets should be retained for a period of 2 years plus current fiscal year, or until audited, whichever is greater. However, for pending, ongoing, or unresolved litigation, audits or claims, retain documentation until completion, resolution, or negotiation of settlements.

Destruction of records must be in accordance with policies and procedures of the Records Management Section, The Library of Virginia.

DOA Contact

Contact

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Subject Cross References

References

CAPP Topic No. 30205—*Acquisition Method*
 CAPP Topic No. 30210—*Acquisition Valuation*
 CAPP Topic No. 30305—*Capitalized or Controlled Assets*
 CAPP Topic No. 30310—*Asset Categorization*
 CAPP Topic No. 30505—*Physical Inventory*
 CAPP Topic No. 30605—*Useful Life*
 CAPP Topic No. 30610—*Depreciation Methods and Calculations*
 CAPP Topic No. 30805—*Disposal Management*
 CAPP Topic No. 31105—*Federal Requirements*
 CAPP Topic No. 70325—*Data Entry*
